

THE BOARD OF DIRECTORS' REMUNERATION REPORT FOR THE FINANCIAL YEAR 2020

INTRODUCTION

This report describes how the guidelines for remuneration for executive management in RaySearch Laboratories AB (publ), adopted by the Annual General Meeting 2020, were implemented in 2020. The report also provides information on remuneration to the Managing Director. The report has been prepared in accordance with the Swedish Companies Act and the rules on Remuneration of the Board and Executive Management and on Incentive Programmes issued by the Swedish Corporate Governance Board.

The Board has considered establishing a remuneration committee, but has decided to handle the remuneration committee's tasks within the ordinary Board work. This means that the entire Board, excluding the CEO, fulfills the tasks that come before a remuneration committee. Information about the Board's work on these issues can be found on page 53 in the Annual Report 2020.

Further information on executive management remuneration is available in note 5 (Employees, personnel costs and executive management remuneration) on pages 31-32 in the Annual Report 2020. Remuneration of the Board of Directors is not covered by this report. Such remuneration is resolved annually by the Annual General Meeting and such information is disclosed in note 5 on page 32 in the Annual Report 2020.

THE COMPANY'S DEVELOPMENT DURING 2020

A summary of the company's overall performance and development is presented in the letter from the CEO on pages 2-3 and in the multi-year overview on page 14 in the Annual Report 2020.

THE COMPANY'S REMUNERATION GUIDELINES: SCOPE, PURPOSE AND DEVIATIONS

A prerequisite for the successful implementation of the company's business strategy and safe-guarding of its long-term interests, including its sustainability work, is that the company can recruit and retain qualified personnel. To this end, the company must offer competitive remuneration. The company's remuneration guidelines enable the company to offer executives a competitive total remuneration.

Under the remuneration guidelines, remuneration to the executive management shall be on market terms and may consist of the following components: fixed remuneration, variable remuneration (bonus), pension terms, and other benefits. The variable cash remuneration shall be linked to predetermined and measurable financial or non-financial criteria. They may be individualised, quantitative or qualitative objectives. The criteria shall be designed to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or promote the executive's long-term development.

The guidelines are found on pages 11-12 of the Annual Report 2020. During 2020, the company has complied with the applicable remuneration guidelines adopted by the Annual General Meeting. No deviations from the guidelines have been made and no deviations from the procedure for implementation of the guidelines have been made. The auditor's report regarding the company's compliance with the guidelines will be available on the company's homepage (<https://www.raysearchlabs.com/investor/corporate-governance/annual-general-meeting/>) no later than three weeks before the Annual General Meeting 2021. No remuneration to the executive management has been reclaimed by the company.

REMUNERATION TO THE MANAGING DIRECTOR

Table 1 – Total remuneration to the Managing Director in 2020 (KSEK)

Name of director (position)	1 Fixed remuneration		2 Variable remuneration		3	4	5	6
	Base salary ¹	Other benefits ²	One-year variable ³	Multi-year variable	Extraordinary items	Pension benefits	Total remuneration	Proportion of fixed and variable remuneration, % ⁴
Johan Löf (CEO)	5 612	461	0	-	-	530	6 603	100% fixed

¹ Of which base salary of 5 522 KSEK and holiday pay of 90 KSEK.

² Mainly company car of 453 KSEK, the remaining part refers to medical insurance and meal benefits.

³ Variable remuneration refers to bonuses attributable to 2020. No variable remuneration has been paid attributable to the financial year 2020.

⁴ Pension benefits (column 4), which in its entirety is premium defined, has been entirely reported as fixed remuneration.

SHARE BASED REMUNERATION

The company has not decided to introduce any long-term share or share price-related incentive programs.

ANNUAL PROFIT BASED REMUNERATION AND APPLICATION OF PERFORMANCE CRITERIA

The variable cash remuneration shall be linked to predetermined and measurable criteria whose fulfillment shall be measured annually.

The performance criteria for the CEO's variable remuneration have been selected to deliver on the company's strategy and to encourage behavior that is in the long-term interest of the company, including sustainability. In the selection of performance criteria, the strategic objectives as well as short-term and long-term business priorities for 2020 have been taken into account. According to the guidelines, the criteria for variable remuneration shall be related to the Group's earnings before tax and the outcome shall be based on the most recently published annual report by the company. The remuneration has a one-year performance and earnings period and for the CEO, variable remuneration may be paid with a maximum of 12 fixed monthly salaries per year.

Table 2 – Performance of the CEO in the reported financial year: variable cash remuneration

Name of director (position)	The name of the program	1 Description of the criteria related to the remuneration component	2 Relative weighting of the performance criteria	3 a) Measured performance and b) actual award / remuneration outcome
Johan Löf (CEO)	Annual profit based remuneration	Earnings before tax (EBT) for the RaySearch Group 2020	100 %	a) 0 % b) 0 KSEK

COMPARATIVE INFORMATION ON CHANGES IN REMUNERATION AND COMPANY PERFORMANCE

Table 3 – Changes in remuneration and company performance over the last three financial years (KSEK)

	2020	2020 / 2019	2019 / 2018
CEO remuneration	6 603 KSEK	-1 139 KSEK (-15%)	-331 KSEK -4%
Group operating profit	-3 466 KSEK	-71 635 KSEK (-105 %)	-26 291 (-28 %)
Group average remuneration on a full-time equivalent basis of employees ¹	861 KSEK	-90 KSEK (-9%)	+22 KSEK (2%)

¹ Excluding members of the group executive management. The remuneration consists of base salary, holiday pay, other benefits, variable remuneration and pension benefits, which are included in the CEO remuneration (Table 1). Total remuneration has been divided by the number of full-time equivalents in the Group, excluding the group executive management, in order to receive the average remuneration.

Stockholm in April 2021
RaySearch Laboratories AB (publ)
The Board of Directors